26OIA1275

16 September 2025

[redacted]

Dear [redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 26 August 2025. You requested the following documents (numbered for ease of response):

1. *Inland Revenue Briefing Note BN2025/304: Communications plan: Proactive release of submissions on "Taxation and the not-for-profit sector" Issues Paper*
2. *Inland Revenue Briefing Note BN2025/314: Subject: Information release for review – Budget 2025 Proactive Release*
3. *Inland Revenue Briefing Note BN2025/316: Information release for review – Budget 2025 Proactive Release (Minister of Finance only)*
4. *Inland Revenue Report IR2025/295: Further items for inclusion in the Taxation (Annual Rates for 2025-26) Bill*
5. *Inland Revenue Briefing Note BN2025/330: Family Boost update*
6. *Inland Revenue Report IR2025/315: International tax update*
7. *Inland Revenue Report IR2025/241: Tax Treaty Work Programme 2025-2026*

Information being released

I am partially releasing documents one to five, attached as **Appendix A**, with some information withheld under the following sections of the OIA, as applicable:

- 6(b)(i) – to avoid prejudice to the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government,
- 9(2)(a) - to protect the privacy of natural persons,
- 9(2)(f)(iv) - to maintain the constitutional conventions for the time being which protect confidentiality of advice tendered by Ministers of the Crown and officials,
- 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty, and
- 18(c)(i) – where making the requested information available would be contrary to the provisions of section 18(3) of the Tax Administration Act 1994. The Commissioner of Inland Revenue is not required to disclose any item of revenue information if the release of the information would adversely affect the integrity of the tax system or prejudice the maintenance of the law.

Please note that I am refusing the release of the attachments to documents two and three under section 18(d) of the OIA, as the information is publicly available on Inland Revenue's Tax Policy website (taxpolicy.ird.govt.nz) by searching for *Budget 2025*.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

Information withheld or refused

I am withholding document six in full under section 6(a) of the OIA, to avoid prejudice to the security or defence of New Zealand or the international relations of the government.

I am also withholding document seven in full under sections 6(a) and 6(b)(i) of the OIA.

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely

Sam Rowe
Policy Lead

Appendix A
Document 1

Policy
Taukaea
55 Featherston Street
PO Box 2198
Wellington 6140
New Zealand

T. 04 890 1500

Briefing note

Reference:	**BN2025/304**
Date:	3 July 2025
To:	Revenue Advisor, Minister of Revenue – Angela Graham Private Secretary, Minister of Revenue – Helen Kuy Revenue Advisor, Minister of Finance – Carl Harris
cc:	Peter Mersi, Commissioner David Carrigan, Deputy Commissioner Emma Grigg, Policy Director Kerryn McIntosh-Watt, Policy Director Phil Whittington, Policy Director Joanne Petrie, Executive Support Advisor to the Commissioner Jill Compton, PA to Deputy Commissioner Governance, Ministerial & Executive Services
From:	Charles Ngāki
Subject:	**Proposed communication plan: Proactive release of submissions on "Taxation and the not-for-profit sector" officials' issues paper**

Purpose

1. This briefing note outlines Inland Revenue's proposed approach to communicating the proactive release of the public submissions received on the "*Taxation and the not-for-profit sector*" officials' issues paper***.***

2. In BN2025/270, officials noted Inland Revenue's intention to release 826 submissions received on the issues paper and the reasons for the release. The proposed date of release is 7 July 2025.

Proposed approach

3. Proactively releasing submissions is considered good practice because it enhances transparency in the tax policy development process. Given the existing public discussion around the issues paper, publishing the submissions will help provide a more balanced and informed conversation.

4. We propose following the standard approach to the publication of submissions on public policy documents. This approach involves communicating the release of submissions through Inland Revenue's Tax Policy website.

5. This approach does not involve a press release from either Inland Revenue or the Minister's office. However, if Ministers would like a press release, we can provide this to their office.

Communications material

Announcement on the Tax Policy website

6. When the material is published on the Tax Policy website, a brief news item would accompany the released material. We propose that the text of this would be:

   Submissions received on "Taxation and the not-for-profit sector"

   In February 2025, Inland Revenue issued an officials' issues paper that considered whether certain tax concessions available to the not-for-profit sector continue to be effective. It also explored whether tax obligations could be simplified, and compliance costs minimised.

   As the issues paper has generated public discussion, Inland Revenue is releasing the submissions received in the interests of transparency. At the request of some submitters, some names and other sensitive information have been redacted. In other instances, contact information relating to individuals and information relevant to a third party's tax affairs have been redacted.

   Material being released also includes a summary of the main themes that emerged from the consultation. All matters discussed in the issues paper are being considered further and could be subject to further consultation.

Questions and answers

7. Attached are some questions and answers on what we consider might be likely topics of interest. These are for reactive use by your office and Inland Revenue as appropriate.

Email to subscribers

8. The standard procedure for updates to the Tax Policy website is to send an email to subscribers to alert them to new material on the site. There are around 6,000 subscribers, mostly in the tax community but also some media.

Manual email to requesters

9. We received several OIA requests for the full content of submissions. These were denied on the grounds that the submissions would be released proactively. We will email these requesters with a link to the released material.

Consultation with the Treasury

10. The Treasury was consulted and agrees with the suggested release.

Charles Ngāki
Policy Lead
s 9(2)(a)

Proposed questions and answers

1. Why are you releasing this now?

Proactive release of the submissions will help support transparency of the policy process and it is in the public interest to release them.

Inland Revenue received several OIA requests for submissions on the officials' issues paper "Taxation and the not-for-profit sector".

2. Were submitters informed in advance that their submission would be publicly released?

The issues paper noted that submissions on the issues paper could be released under the Official Information Act 1982. Submitters were asked to advise on the reasons to withhold part or all their submission. Twenty-six submitters requested that either part, or all, of their submissions should be withheld and the reasons, and redactions were made accordingly.

3. Why were submissions redacted and were any submissions withheld?

In general, personal contact details of individuals and information relating to the tax affairs of third parties were redacted.

Additionally, 26 submitters requested that part, or all, of their submissions be withheld; appropriate redactions were made in accordance with the Official Information Act.

Some submissions were also received after the closing date for submissions and were not included in the initial analysis. These submissions were acknowledged and will be considered in future policy work, but they are not part of this proactive release.

4. What were the key themes in submissions?

The proactive release includes a summary of submissions.

5. You say that some work is continuing. Can you elaborate on what areas you are working on and with what objective?

No decisions have been made on which aspects would progress. At the moment, the Government is simply looking into further understanding the issues.

6. When will we see a further round of consultation?

No decisions have been made yet.

7. Have the submissions that opposed your view on competitive advantage changed your mind? Why not?

We are still working through the issues at this time.

8. When do you propose to make final policy decisions?

Ministers are expecting to receive advice from officials in the next couple of months. We are aware that the issues are complex, and we want to work through them carefully. We are committed to making sure we've got a fair system with high integrity. Decisions will be made but we don't want to rush it and get it wrong.

9. Will pursuing charities for revenue make their activities unsustainable and undermine the public good performed by those entities, leaving a gap in New Zealand's social services?

The Government is committed to a strong not-for-profit sector (including growing philanthropy). Not-for-profits make a significant contribution to our community.

The main objectives of the issues paper measures are:

- *to improve integrity and fairness*

- *to keep the rules simple and compliance costs low for small not-for-profits*

- *to target the tax concessions for certain types of fundraising charities and trusts so they are encouraged to distribute funds to charitable purposes.*

10. Are you intending to make any policy changes in response to the Commissioner's draft Operational Statement?

The Minister of Revenue has signalled that "we will look at dealing with the issue through legislation". The Minister indicated that he was open to changing the law, but no decision has been made yet.

Document 2

Inland Revenue
Te Tari Taake
Policy
Taukaea
55 Featherston Street
PO Box 2198
Wellington 6140
New Zealand

T. 04 890 1500

Briefing note

Reference: BN2025/314

Date: 11 July 2025

To: Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy
Revenue Advisor, Minister of Finance – Carl Harris

From: Pamela Law

Subject: **Information release for review –Budget 2025 Proactive Release**

Overview

1. This information release covers the Budget 2025 key advice papers provided to the Minister of Revenue from the Revenue Portfolio.

2. A list of documents identified as in scope of Inland Revenue's information release are listed below, with the proposed reasons for redactions noted. Other documents will form part of the broader Budget 2025 information release, led by The Treasury.

3. Inland Revenue intends to align the publication of this release with The Treasury's release of Budget material.

4. The scope of the Budget 2025 information release is similar to prior years. Reports in scope of the release include those that are:

   - Lead by Inland Revenue.
   - Contain key advice to Ministers on Budget 2025 initiatives.
   - Not part of another agency's Budget 2025 information release.
   - Not under active consideration.

Documents in this release

5. The documents included in the information release are appended to this briefing note.

Information withheld

6. Some parts of this information release would not be appropriate to release and, if requested would be withheld under the Official Information Act 1982 (OIA), Where this is the case, the relevant sections of the OIA that would apply are identified. Where information is withheld, no public interest was identified that would outweigh the reasons for withholding it.

Sections of the OIA under which information is withheld:

- S 6(b)(i) – to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government.
- 6(c) – to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial.
- 9(2)(a) – to protect the privacy of natural persons.
- 9(2)(b)(ii) – to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information
- 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Minister of the Crown and officials.
- 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation in the course of their duty.
- 9(2)(i) – to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities.

7. The basis for withholding information from reports proposed for proactive release is indicated in the appended table.

8. Where a report or briefing note attached a draft version of a later published document (such as a consultation document), the draft will be withheld under s 9(2)(g)(i) (free and frank advice). The final published document is available on the Inland Revenue or Treasury website (as applicable).

9. The discharge of the Digital Services Tax Bill was reflected in Budget 2025. However, no reports relating to it will be proactively released on the grounds of international relations and trade sensitivities, as confirmed by Cabinet (CAB-25-SUB-0079 refers).

10. Documents which relate to the following initiatives have been withheld (wholly or wherever relevant) under s 9(2)(f)(iv) of the OIA (see comment on the Tax and Social Policy Work Programme below):

s 9(2)(f)(iv)

[redacted]

Key advice papers

11. Cabinet Office Circular CO (18) 4 states that "Ministers may also choose to proactively release related key advice papers provided to the Minister by departments or agencies.". Officials have provisionally included key advice papers as part of this release because we consider the release of the Cabinet documents will result in an Official Information Act request for these papers in any event.

Risks and issues

12. Releasing this information carries several potential risks, including:

- Once the information is public, Inland Revenue cannot control how they are interpreted or used by media, advocacy groups, or other parties.
- Officials' advice on Budget 2025 initiatives could attract media coverage.
- Ministers may be asked to respond to media queries, especially if they include controversial or differing material. The release will cover projects at various stages of development.

13. Risk mitigations include:

- Published Budget 2025 material should help ensure that public and media commentary reflects the overall direction and outcome of Budget and could help to balance the public conversation.

Specific comments

Tax and Social Policy Work Programme

14. The documents cover a lengthy period in 2024 until Budget Day 2025. The Tax and Social Policy Work Programme was published during this period and is currently being refreshed. Items on the work programme are not included in the proposed release as noted in paragraph 9 above and additionally on the basis that they will be subject to consideration for release at a more appropriate time.

Investment Boost

15. No further redactions are proposed for the key advice papers for the Investment Boost initiative.

KiwiSaver reform

16. Crown costs are referred to throughout the various reports. In two reports (IR2024/428 and IR2024/448) references to the fiscal cost of KiwiSaver changes as a cost to the Crown as employer have been withheld under s 9(2)(f)(iv).

Working for Families abatement threshold changes

17. All key advice papers for the Working for Families abatement threshold changes initiative will be released as a part of The Treasury's Budget 2025 information release.

Budget 2025 announcements

18. The thin capitalisation changes for infrastructure, employee share schemes, and foreign investment funds initiatives were included in the Budget 2025 Cabinet paper. The legislation to give effect to two of these policies will be included in the omnibus tax Bill introduced in August. This means that there will be a gap between the items included in the information release and the release of documents associated with the introduction of the Bill.

19. The employee share schemes papers will become public at the latest when the omnibus tax Bill and associated regulatory impact statements are released when the Bill is introduced. It will be clear from the regulatory impact statement that we did not recommend the proposal to be progressed.

20. The information release for the foreign investment funds is subject to redactions under s 9(2)(f)(iv) of the Act and could proceed as part of the Budget 2025 information release.

21. The thin capitalisation changes are subject to redactions under s 9(2)(f)(iv) and s 6(b)(i). s 9(2)(f)(iv), s 6(b)(i) [redacted]

Budget process documents

22. The documents in this release include reports and briefing notes relating to the overall Budget process. This includes documents for the Performance Plan, initiative submission, and finalisation of Budget documents and fiscal and economic update documents. We have applied appropriate redactions in these documents, including redacting advice on potential saving areas that may be under active consideration for future Budgets and maintaining effective conduct of public affairs through the free and frank expression of views. The Performance Plan provided to the Office at the end of June (IR2025/271 refers) will be included in the release.

23. The Tax Expenditure Statement for Budget 2025 has been included for consistency with previous Budget information releases. However, the Tax Expenditure Statement was published on Budget Day and is publicly available.

s 9(2)(g)(i) [redacted]

Consultation

25. The Treasury, the Ministry of Foreign Affairs and Trade, the Ministry of Business, Innovation and Employment, and the Department of Internal Affairs were consulted regarding the proposed information release.

Approval

26. The draft information release was reviewed and approved by Pamela Law (Principal Policy Advisor, International Tax).

Attachments

27. Attached are the draft information release with proposed redactions marked but not applied.

s 9(2)(a) [redacted]

Pamela Law
Principal Policy Advisor
s 9(2)(a) [redacted]

Documents in this information release

#	Reference	Title	Date	Information withheld
Taxation (Budget Measures) Bill (No 2)				
1	IR2025/174	Draft Cabinet paper – Taxation (Budget Measures) Bill: Approval for introduction	28/04/2025	9(2)(a), attachment withheld under 9(2)(g)(i)
2	IR2025/203	Taxation (Budget Measures) Bill: detailed design and introduction of Bill	5/05/2025	9(2)(a)
Tax and Social Policy Work Programme				
3	BN2024/388	Follow up to the Publishing the Tax and Social Policy Work Programme report	20/09/2024	9(2)(f)(iv), 9(2)(g)(i)
Tax Expenditure Statement				
4	BN2025/224	Tax Expenditure Statement for Budget 2025	8/05/2025	9(2)(a), attachment withheld under 9(2)(g)(i)
2025 Budget Economic and Fiscal Update				
5	IR2025/023	Preliminary Tax forecasts for the 2025 Budget Economic and Fiscal Update	25/02/2025	9(2)(a)
6	IR2025/088	Final tax forecasts for the 2025 Budget Economic and Fiscal Update	16/04/2025	9(2)(a)
Investment Boost				
7	BN2025/084	Briefing note on Investment Boost and a comparison between the preferred option and a company tax rate cut	28/02/2025	9(2)(a)
8	BN2025/151	Previous depreciation loading regimes in New Zealand	3/04/2025	9(2)(a)
9	IR2025/168	Dual effects of Investment Boost and KiwiSaver changes on businesses	16/04/2025	9(2)(a)
10	BN2025/195	Addendum to BN2025/168	24/04/2025	9(2)(a)
11	BN2025/222	Treatment of assets under construction	8/05/2025	9(2)(a)
KiwiSaver reform				
12	IR2024/428	KiwiSaver switch as part of Budget 2025	31/10/2024	9(2)(a), 9(2)(f)(iv)
13	IR2024/448	Additional information on a possible KiwiSaver switch as part of Budget 2025	7/11/2024	9(2)(a), 9(2)(f)(iv)
14	BN2025/063	Further information on a KiwiSaver switch as part of Budget 2025	18/02/2025	9(2)(a)
15	BN2025/156	Allowing members to select a lower KiwiSaver contribution rate as part of Budget 2025	1/04/2025	9(2)(a)
16	BN2025/142	Additional modelling of KiwiSaver impact as part of Budget 2025	2/04/2025	9(s)(a)
17	BN2025/148	Wider KiwiSaver policy issues currently under consideration	2/04/2025	9(2)(a), 9(2)f(iv)
18	BN2025/166	Implications of KS reforms for self-employed and other matters	8/04/2025	9(2)(a)
19	BN2025/183	KiwiSaver and Total Remuneration	22/04/2025	9(2)(a), 9(2)(f)(iv)
20	BN2025/215	KiwiSaver - additional information requested	8/05/2025	9(2)(a)
Employee Share Schemes				

#	Reference	Title	Date	Information withheld
21	IR2024/064	Initiatives to support the start-up and tech sector: Permission to consult	15/03/2024	9(2)(a), attachment withheld under 9(2)(g)(i)
22	IR2024/379	Consultation on improvements to employee share schemes	2/10/2024	9(2)(a), 9(2)(f)(iv)
23	IR2025/126	Employee share scheme deferral regime – outcome of consultation	21/03/2025	6(c), 9(2)(a), 9(2)(f)(iv)
		Thin capitalisation changes for infrastructure		
24	IR2024/413	Thin capitalisation settings for infrastructure	13/01/2025	9(2)(a), 9(2)(f)(iv)
25	IR2025/141	Official's issues paper on thin capitalisation settings for infrastructure	15/04/2025	9(2)(a), 9(2)(f)(iv), attachment withheld under 9(2)(g)(i)
26	BN2025/188	Supporting information for the issues paper on thin capitalisation settings for infrastructure	23/04/2025	6(b)(i), 9(2)(a), 9(2)(f)(iv)
		Foreign Investment Funds		
27	IR2025/007	Outcome of consultation on the effects of FIF rules on immigration	10/02/2025	9(2)(a), 9(2)(f)(iv)
28	IR2025/233	Foreign Investment Fund - Phase One technical decisions	23/05/2025	9(2)(a), 9(2)(f)(iv)
		Petroleum development expenditure		
29	BN2025/083	Accelerated deductions for petroleum development expenditure	10/03/2025	9(2)(a), 9(2)(f)(iv)
		Budget Process Documents		
30	BN2024/368	IR Performance Plan (Check-In 1): Approach and context supporting brief	6/09/2024	9(2)(a), attachment withheld under 9(2)(g)(i)
31	IR2024/406	Performance Plan and the potential to increase compliance activity	3/10/2024	9(2)(a), attachment withheld under 9(2)(g)(i)
32	IR2024/450	Performance Plan and the potential to increase compliance activity	6/11/2024	9(2)(a), attachments withheld under 9(2)(g)(i)
33	IR2024/422	Compliance funding bid for Budget 2025	28/11/2024	9(2)(a)
34	IR2024/479	Inland Revenue Performance Plan: Performance Impacts - response to questions	29/11/2024	9(2)(a), 9(2)(g)(i)
35	IR2024/496	Budget 2025 submission for Vote Revenue	13/12/2024	9(2)(a), 9(2)(f)(iv)
36	IR2025/011	Vote Revenue Ministerial Certification of Contingent Liabilities and Contingent Assets as at 31 December 2024	13/02/2025	9(2)(a)
37	IR2025/012	2025 March Baseline Update submission for Vote Revenue	21/02/2025	9(2)(a), 9(2)(b)(ii), 9(2)(g)(i), 9(2)(i)
38	IR2025/071	Vote Revenue: 2025 March Baseline Update submission for the Research and Development Tax Incentive appropriation	21/02/2025	9(2)(a), 9(2)(f)(iv)
39	BN2025/116	Budget 25 - Proposed Technical Initiatives	17/03/2025	9(2)(a)

#	Reference	Title	Date	Information withheld
40	IR2025/092	Vote Revenue: 2025 Budget Economic and Fiscal Update for non-departmental expenditure appropriations	17/04/2025	9(2)(a), 9(2)(g)(i)
41	IR2025/093	Vote Revenue: 2025 Budget Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	17/04/2025	9(2)(a), 9(2)(g)(i)
42	IR2025/086	Budget 2025 - Estimates and Supplementary Estimates for Vote Revenue	24/04/2025	9(2)(a)
43	BN2025/196	Overview of compliance funding bid for Budget 2025	2/05/2025	9(2)(a)
44	BN2025/206	Tactical communications plan for Budget 25	2/05/2025	9(2)(a)
45	IR2025/271	Performance Plan - final approval	12/06/2025	9(2)(a), 9(2)(f)(iv), 9(2)(g)(i)

Document 3

Inland Revenue
Te Tari Taake
Policy
Taukaea
55 Featherston Street
PO Box 2198
Wellington 6140
New Zealand

T. 04 890 1500

Briefing note

Reference: BN2025/316

Date: 11 July 2025

To: Revenue Advisor, Minister of Finance – Carl Harris

From: Pamela Law

Subject: **Information release for review – Budget 2025 Proactive Release (Minister of Finance only)**

Overview

1. This information release covers the Budget 2025 key advice papers provided to the Minister of Finance from the Revenue Portfolio.

2. The scope of the Budget 2025 information release is similar to prior years. Reports in scope of the release include those that are:

- Lead by Inland Revenue.
- Contain key advice to Ministers on Budget 2025 initiatives.
- Not part of another agency's Budget 2025 information release.
- Not under active consideration.

Documents in this release

3. These documents are included in the information release:

#	Reference	Title	Date
1	BN2025/074	Compliance bids note	20 February 2025
2	BN2025/243	Costs of 100% expensing	21 May 2025
3	BN2025/244	Partial expensing costing assumptions	21 May 2025

4. No redactions are required in any of the documents.

Key advice papers

5. Cabinet Office Circular CO (18) 4 states that "Ministers may also choose to proactively release related key advice papers provided to the Minister by departments or agencies.". Officials have provisionally included key advice papers as part of this release because we consider the release of the Cabinet documents will result in an Official Information Act request for these papers in any event.

Risks and issues

6. Releasing this information carries several potential risks, including:

   - Once the information is public, Inland Revenue cannot control how they are interpreted or used by media, advocacy groups, or other parties.
   - Officials' advice on Budget 2025 initiatives could attract media coverage.
   - Ministers may be asked to respond to media queries, especially if they include controversial or differing material.

7. Risk mitigations include:

   - Published Budget 2025 material should help ensure that public and media commentary reflects the overall direction and outcome of Budget, and could help to balance the public conversation.

Consultation

8. The Treasury was informed of the proposed information release.

Approval

9. The draft information release was reviewed and approved by Pamela Law (Principal Policy Advisor, International Tax).

Attachments

10. Attached are the key advice papers for your reference.

s 9(2)(a)

Pamela Law
Principal Policy Advisor
s 9(2)(a)

Document 4

Inland Revenue
Te Tari Taake

POLICY

Tax policy report: **Further items for inclusion in the Taxation (Annual Rates for 2025-26) Bill**

Date:	1 July 2025	**Priority:**	High
Security level:	In Confidence	**Report number:**	IR2025/295

Action sought

	Action sought	Deadline
Minister of Finance	**Agree** to recommendation	18 July 2025
Minister of Revenue	**Agree** to recommendations	18 July 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Bary Hollow	Principal Policy Advisor	s 9(2)(a)	☒

1 July 2025

Minister of Finance
Minister of Revenue

Further items for inclusion in the Taxation (Annual Rates for 2025-26) Bill

Purpose

1. This report seeks your agreement to include a number of additional items into the Taxation (Annual Rates for 2025-26) Bill (the Bill).

2. In particular, this report includes a number of items arising from the review of fringe benefit tax (FBT) which are worthy of proceeding with if the major items relating to FBT do not progress in the Bill. We consider placing these items on a separate track to the major proposals is prudent to ensure these compliance cost savings measures are included in the Bill.

3. The report also includes two additional remedial amendments relating to the recently enacted Investment Boost policy.

4. The measures relate to:

   4.1 A change to the calculation method of subsidised transport benefits.

   4.2 Modify the application of the motor vehicle tax value method to adjust for the effect of the Investment Boost deduction.

   4.3 Provide for options to pay FBT on global insurance policies.

   4.4 Align the treatment of FBT and PAYE to ensure that the treatment of the benefits provided is the same whether the employee is given a non-cash benefit or reimbursed for the purchase of a benefit.

   4.5 A remedial fix to ensure provisions relating to unclassified benefits provided to employees of an associate of the employer work as intended.

   4.6 A remedial fix to the way in which "cash-pay" is calculated for the purposes of FBT attribution to ensure those provisions work as intended.

   4.7 Alignment of the treatment of Investment Boost for buildings and other attachments to land with other assets to ensure the Investment Boost is able to be claimed in respect of buildings and other attachments to land previously held as trading stock.

   4.8 Clarification that reasonable testing and trialling of an asset does not count as prior use and disqualify an asset from Investment Boost.

FBT value for subsidised transport

5. A specific FBT valuation rule applies in relation to subsidised transport provided by an employer in the business of providing transport to the public. The value of the transport is 25% of the highest fare the employer charges the public for the equivalent transport in terms of class, extent, and occasion within the quarter. This rule was set in 1985.

6. This valuation method is intended to represent a "stand-by" type of fare because often employees might not be guaranteed a seat until shortly before departure.

7. However, modern developments in pricing models mean this rule may require updating to reflect this intention. These developments mean that the highest fare charged for a certain route can be much higher than the average fare on the same route. This is particularly so for last minute fares in high demand seasons.

8. In the airline market, this can disadvantage domestic providers competing with offshore providers that can provide employees with more favourable subsidised transport terms.

9. We recommend bringing the treatment more in line with offshore jurisdictions and use 25% of the average fare for the respective month in which the benefit is provided to determine the value of the benefit

10. Submissions on the recent *FBT – Options for change* issues paper were generally supportive of this change.

11. This amendment has a fiscal cost as follows:

	$ million increase / (decrease)				
Vote Revenue **Minister of Revenue**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29 & Outyears**
Tax Revenue: FBT on subsidised transport	0.000	(0.825)	(3.300)	(3.300)	(3.300)
Company tax	0.000	0.050	0.200	0.200	0.200
Total operating	**0.000**	**0.775**	**3.100**	**3.100**	**3.100**

12. This fiscal cost can be charged against the tax policy scorecard.

13. This amendment should apply to subsidised transport benefits provided after 1 April 2026.

Recommendations

Agree to amend the FBT value of subsidised transport benefits to 25% of the average fare the employer charges the public for the equivalent transport in terms of class, extent, and occasion within the month of travel.

Agree/Not agreed Agree/Not agreed

Agree that this amendment be included in the Taxation (Annual Rates for 2025-26) Bill and apply to benefits provided after 1 April 2026.

Agreed/Not agreed Agreed/Not agreed

Note that this change has a fiscal cost of:

	$ million increase / (decrease)				
Vote Revenue **Minister of Revenue**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29 & Outyears**
Tax Revenue: FBT on subsidised transport	0.000	(0.825)	(3.300)	(3.300)	(3.300)
Company tax	0.000	0.050	0.200	0.200	0.200
Total operating	**0.000**	**0.775**	**3.100**	**3.100**	**3.100**

Noted	Noted

Agree to charge that fiscal cost to the tax policy scorecard.

Agreed/Not agreed	Agreed/Not agreed

FBT – Modification of the tax book value option to account for Investment Boost

14. Currently taxpayers can choose to value motor vehicles for FBT purposes using original cost or the tax book value. Generally, for the first five years of ownership the cost base valuation is more economic but after five years the tax book value is generally better for taxpayers.

15. The tax book value option uses the depreciated value of the vehicle for tax purposes. The introduction of the Investment Boost accelerates that depreciation and will reduce the value of the motor vehicle benefit for FBT purposes.

16. FBT is an attempt to measure the remuneration effect of providing a non-cash benefit such as a motor vehicle. This benefit should not change because of the investment boost which is designed to incentivise investment in productive assets.

17. For FBT purposes the investment boost should be ignored in the calculation of the value of the motor vehicle as that is not a reflection of the value of the vehicle provided. However, the tax value of the vehicle should reflect the tax depreciation that would have been claimed on the motor vehicle absent the investment boost.

18. This will preserve the current valuation method.

19. There are no fiscal implications to this change.

20. We recommend this amendment take effect for FBT quarters commencing 1 April 2026.

Recommendations

Agree to amend the calculation of the tax book value for FBT purposes to ignore the impact of the investment boost on the calculation of the tax value for FBT purposes.

N/A	Agreed/Not agreed

Agree that this amendment be included in the Taxation (Annual Rates for 2025-26) Bill and apply for FBT quarters commencing 1 April 2026.

N/A	Agreed/Not agreed

FBT – Global insurance policies

21. Submissions on *FBT – Options for change* supported clarifying the treatment of global insurance policies for FBT purpose. Global insurance policies are a certain types of insurance schemes based on global policies with one premium rate, no matter how many employees are covered by the policy.

22. An issue arises as to how this global cost should be apportioned across employees for FBT purposes. The issues paper suggested two options for accounting for these:

    22.1 divide the total contribution by the number of employees, or

22.2 treat the payment of the global policy as a pooled benefit and pay FBT based on the applicable pooling rate.

23. Submissions were mixed as to which option was preferable and a number suggested providing both options which would have a similar FBT outcome but one has lower compliance costs.

24. We recommend these options be added to allow taxpayers flexibility on how these benefits should be treated whilst providing certainty as to the treatment of these.

25. There are no fiscal implications to this change.

26. We recommend this amendment take effect for FBT quarters commencing 1 April 2026.

Recommendations

Agree to allow taxpayers to account for FBT on global insurance policies by either dividing the total contribution by the number of employees or treating the payment of the global policy as a pooled benefit and pay FBT based on the applicable pooling rate at the option of the taxpayer.

N/A Agreed/Not agreed

Agree that this amendment be included in the Taxation (Annual Rates for 2025-26) Bill and apply for FBT quarters commencing 1 April 2026.

N/A Agreed/Not agreed

FBT – Equalisation of FBT and PAYE

27. A recent legislative change was made that equalises the treatment of benefits which are provided (or reimbursed) to employees under the health and safety exemption from FBT. While this deals with an exempt benefit and the ability to claim an exemption, officials don't see any reason why this concept could not be adopted for other benefits which are subject to tax.

28. The issues paper *FBT – options for change* proposed that when an employer chose to provide a non-cash benefit to an employee by way of reimbursing that employee for the cost of the benefit, that should also be treated as a fringe benefit and subject to FBT (this approach would not apply to motor vehicles).

29. Submissions on the issues paper supported the proposal and given this, we recommend that a provision be included that: where an employer reimburses an employee for the purchase of a benefit that would have been an unclassified benefit had the employer provided the benefit directly, that benefit shall be subject to applicable FBT or PAYE at the employer's election.

30. Election would be made by paying tax on the elected basis through their FBT return or employer information schedule.

31. There are no fiscal implications to this change.

32. We recommend this amendment take effect for benefits provided on or after 1 April 2026.

Recommendations

Agree to include a provision that provides for an employer to pay FBT or PAYE in respect of the provision of an unclassified benefit depending on whether the employer provides the benefit or reimburses the employee and the employer's election.

N/A Agreed/Not agreed

Agree that this amendment be included in the Taxation (Annual Rates for 2025-26) Bill and apply to benefits provided on or after 1 April 2026.

N/A Agreed/Not agreed

FBT – Unclaimed benefits provided by associated persons

33. Current FBT rules tax the provision of unclassified benefits made by the employer to their employees but also seek to tax unclassified benefits that are provided to the employees of persons associated with the employer. The wording of this provision is not clear and may not correctly subject the provision of those benefits to FBT.

34. We recommend the provision be amended to subject those benefits to FBT as it was always intended.

35. There are no fiscal implications to this change.

36. We recommend this amendment apply retrospectively back to the date the current provision was introduced 1 April 2022 with a savings provision for taxpayers who have filed their FBT returns on another basis.

Recommendations

Agree to a remedial amendment to ensure that FBT is correctly charged on unclassified benefits provided to employees of persons associated with the employer.

N/A Agreed/Not agreed

Agree that this amendment be included in the Taxation (Annual Rates for 2025-26) Bill and apply retrospectively back to the date the current provision was introduced 1 April 2022 with a savings provision for taxpayers who have filed their FBT returns on another basis.

N/A Agreed/Not agreed

s 18(c)(i)

[redacted]

s 18(c)(i)

[redacted]

Investment Boost

44. We recommend progressing two remedial amendments related to Investment Boost. These amendments have no fiscal impact as they clarify the policy intent. These remedials would sit alongside three other Investment Boost remedials that are being progressed in the Taxation (Annual Rates for 2025-26) Bill.

45. A remedial amendment is required to ensure that buildings (and other fixtures to land) are treated in the same way as other assets eligible for Investment Boost.

46. An asset is eligible for an Investment Boost deduction if it has never been used or available for use in New Zealand. The exception is where an asset has only ever been held as trading stock.

47. Subsequent to the enactment of the Investment Boost provisions it was bought to our attention during consultation that the standard definition of trading stock, which is used in the investment boost rules, excludes “land”.

48. Under common law, buildings and other fixtures that may be eligible for Investment Boost are considered to be land. Therefore, under the current law, the owner of a newly constructed building, for example, may be unable to claim an Investment Boost deduction if the building was held for sale by a developer. This is because the building could be considered to be available for use by the developer and is not subject to the trading stock exception. This was not intended.

49. We recommend that for the purposes of Investment Boost, buildings and other fixtures to land are treated as trading stock in the same way as other depreciable property.

50. A second remedial amendment is required to clarify the reasonable testing and trialling of an asset does not count as prior use and so disqualify an asset from Investment Boost. For example, taking a vehicle for a test drive does not disqualify it from Investment Boost. Our legal advice is that this interpretation may already be possible under the current drafting. However, the drafting could be clarified to support investment certainty.

51. We recommend that both of these amendments take effect from 22 May 2025, the date the other Investment Boost changes came into effect.

Recommendations

Agree that qualifying buildings (and other fixtures to land) be eligible for Investment Boost if they have only been held for sale and not used for any other purpose in New Zealand.

N/A Agreed/Not agreed

Agree to clarify that reasonable testing and trialling of an asset does not count as prior use and therefore does not disqualify an asset from Investment Boost.

N/A Agreed/Not agreed

Agree that these amendments be included in the Taxation (Annual Rates for 2025-26) Bill and retrospectively apply from 22 May 2025.

N/A Agreed/Not agreed

Consultation

52. With the exceptions of the items relating to investment boost and the FBT remedial items, the remaining items resulting from proposals in the *FBT – options for* change issues paper were subject to public consultation and were supported by submitters including Chartered Accountants Australia New Zealand, Corporate Taxpayers Group and major accounting firms.

Next steps

53. If you agree to the proposed amendment officials will include these in the Taxation (Annual Rates for 2025-26) Bill. The proposals will then be subject to further consultation through the select committee process.

s 9(2)(a)

Bary Hollow
Principal Policy Advisor
Policy

Hon Nicola Willis
Minister of Finance
/ /2025

Hon Simon Watts
Minister of Revenue
/ /2025

Document 5

Inland Revenue
Te Tari Taake

Briefing note

Reference:	BN2025/330
Date:	17 July 2025
To:	Private Secretary, Minister of Revenue – Angela Graham Private Secretary, Minister of Revenue – Helen Kuy Private Secretary, Minister of Finance – Carl Harris and s 9(2)(a)
Copy to:	James Grayson, Deputy Commissioner Sue Gillies, Customer Segment Lead - Families Joanne Petrie, Executive Support Advisor to Commissioner Carolyn Patchell, Management Support to Deputy Commissioner
From:	Sue Gillies, Customer Segment Lead - Families
Subject:	**FamilyBoost update**

Purpose

1. The purpose of this note is to provide an update on FamilyBoost numbers and marketing and engagement activities following the announcement of the proposed changes to FamilyBoost.

FamilyBoost registration and claim numbers

2. Since FamilyBoost registrations opened until 9 July 2025, inclusive, we have received 82,326 registrations and created 81,311 accounts.

3. Since FamilyBoost claims opened until 9 July 2025, inclusive, we have received 217,669 claims and paid out $61,335,052.23 to 62,960 households.

Marketing and Communications activities of proposed changes to FamilyBoost

4. Following the announcement of the proposed changes to FamilyBoost, an article was published on both the main IR website and the IR Policy website. As of 9 July, there have been 4,103 views to the main page and 4,732 views to the Policy page.

5. We have issued a direct email to all licenced ECE's and Te Kōhanga Reo's. The open rate of the email as of 9 July has been 50.5%.

6. We have completed social media posts on IR's Meta (Facebook) and LinkedIn pages, reaching over 6,400 people across these channels.

7. We have sent communications to key stakeholders including tax agents and community organisations and presented details at the Early Childhood Advisory Committee (ECAC) meeting.

8. We have an 0800 message on our FamilyBoost phone line and a TV slide at each of the front of house IR offices. Internal communications have also been completed to IR people and updates have been made to our internal knowledge content.

9. When the legislation is passed additional marketing will be completed.

10. There has been positive feedback about the changes, ease of claiming, and the timeframe for FamilyBoost payments to be issued. Examples of comments (abridged):

    "I think this is a great scheme – takes about 5 mins max every 3 months"
    "It takes less than 5 mins"
    "Good news, claimed back twice with no issues and fast payment."
    "I had the rebate within two working days."

Current marketing and promotion of FamilyBoost

11. We have continued to market FamilyBoost each quarter via a range of media including digital, social, Google search etc. Upscaled marketing is ongoing in three targeted regions, Northland, Taranaki and Hawkes Bay where uptake had been low. From this marketing there has been an increase in claims from these regions.

12. Our Community Compliance Kaitakawaenga Māori have been working directly with each Kōhanga Reo to support them and their whanau in understanding FamilyBoost to encourage registrations and claims.

Projected uptake from 1 October 2025

13. The proposed changes indicate approximately 16,000 more households may be eligible to receive a FamilyBoost payment. Some of these households will already be registered for FamilyBoost, while others may register when the changes are legislated.

14. As of 16 July 2025, approximately 16,700 households had their FamilyBoost claims declined due to household income exceeding the current income threshold of $45,000 per quarter. However, under the proposed changes to the income threshold, an estimated 14,600 of these households may become eligible for FamilyBoost effective from 1 July 2025.

15. As of 16 July 2025, approximately 6,500 households have registered for FamilyBoost and have not submitted a claim.

16. When the FamilyBoost changes are enacted, we will contact these households to direct them to relevant web pages to check their eligibility for FamilyBoost and submit a claim.

Sue Gillies
Customer Segment Lead - Families
s 9(2)(a)